

## Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
----- 069455

R 030028Z SEP 75  
FM AMCONSUL SURABAYA  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 0652  
AMEMBASSY JAKARTA  
AMEMBASSY SINGAPORE  
AMCONGEN HONG KONG  
AMCONSUL MEDAN

UNCLAS SURABAYA 0540

E.O. 11652: N/A

TAGS: BINV, BTIO, ECEM, ID

SUBJECT: INVESTMENT OPPORTUNITY: GRESIK PETROCHIMICAL PLANT  
BECOMES LIMITED LIABILITY COMPANY

REFS: A. SURABAYA A-22, 6/30/75  
B. USDOC OM OF 8/7/75

USDOC FOR BIC/OED, OVERSEAS BUSINESS OPPORTUNITIES DIV., GORDON  
STATE FOR EA/IMS

1. INFORMATION DEVELOPED SINCE DRAFTING OF REF A SHOULD BE AVAILABLE TO ANY POTENTIAL AMERICAN INVESTOR. OF SPECIAL INTEREST IS FACT THAT PETROKIMIA GRESIK TOTAL AMMONIA PRODUCTION FOR 1974 WAS 65.5 PERCENT OF DESIGN CAPACITY AT AN OVERALL PLANT EFFICIENCY OF 74.3 PERCENT, COMPARED TO 73.0 PERCENT OF DESIGN AT 87.0 PERCENT OVERALL PLANT EFFICIENCY FOR THE LAST HALF OF 1973. AMMONIA PRODUCTION IS THE MAJOR PROFIT MAKING ACTIVITY OF P.T. PETROKIMIA GRESIK, AND THE LEVEL OF SUCCESS IN PRODUCING AMONIA WILL HEAVILY INFLUENCE PETROKIMIA'S ABILITY TO CARRY OUT ITS EXPANSION PLANS. APPARENT EARLY SUCCESS IN 1973 HAS LED TO WHAT RELIABLE SOURCE DESCRIBES AS PETROKIMIA MANAGEMENT'S TENDENCY TO TAKE SUCCESS FOR GRANTED AFTER EACH FEW MONTHS OF PRODUCTION AT A REASONABLE RATE. SAME SOURCE INDICATES THAT AMMONIA PRODUCTION WILL NOT REACH 75.0 PERCENT OF DESIGN CAPACITY THIS YEAR. IN FACT,  
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FIGURE MAY BE CLOSER TO 65.0 PERCENT.

2. ABOVE FACTORS COMBINED WITH SQUEEZE ON GOI FINANCIAL RESOURCES FOR ALL PROJECTS AT THIS TIME INDICATES NEED FOR CAUTION ON BEHALF OF POTENTIAL INVESTORS. SOME OF PETROKIMIA'S EXPANSION PROGRAMS NOTED REF A HAVE BEEN DELAYED. FOR EXAMPLE, THE TRIPLE SUPERPHOSPHATE/NPK FACILITY HAS BEEN DISCUSSED SINCE DECEMBER 1972. ONE FEASIBILITY STUDY HAS BEEN UNDERTAKEN BY AN AMERICAN FIRM AND COMPLETED; A SECOND FEASIBILITY STUDY IS REPORTEDLY UNDERWAY. ON PROJECTS LIKE AGROCHEMICALS FORMULATION AND UREA FORMALDEHYDE THERE IS NO VISIBLE PROGRESS, AND SOME PROJECTS ARE BEING RESCHEDULED FOR INITIATION DURING PELITA III, THE THIRD FIVE YEAR PLAN (1979-1984).

3. IF NOT ALREADY PUBLISHED, BELIEVE ARTICLE IN COMMERCE TODAY SHOULD REFLECT ASSESSMENT ABOVE.  
CHRISTY

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## Message Attributes

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